

successive five minute delays. The proposed rule change will provide the Exchange's Floor Officials more flexibility to declare delayed openings in index options in appropriate circumstances.

Furthermore, the Commission believes it is appropriate to amend Interpretation .03 to Rule 6.2 to state that a closing rotation for expiring series of index options "is not ordinarily" employed. Under the current interpretation, a closing rotation for an expiring series of index options "shall not be employed." The Commission believes that the proposed amendment to Interpretation .03 should provide CBOE Floor Officials the opportunity to respond to extraordinary circumstances including, but not limited to, a system malfunction or a major announcement in the markets late in the trading day.⁹

For the same reasons, the Commission also believes that it is appropriate to amend Interpretation .03 to Rule 6.2 to grant two concurring Floor Officials the authority to deviate from the procedures for closing rotations if they determine such deviation is to maintain a fair and orderly market.

Finally, the Commission believes it is appropriate to delete from Rule 24.13 the requirement that an Order Book Official open the nearest expiration series of index options before opening the remaining series. The Commission believes that the proposed rule change, by permitting the Order Book Official to exercise his judgment in response to market conditions or circumstances, is consistent with the purposes of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule changes (File No. SR-CBOE-95-04) are approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35752; file No. SR-PTC-95-04]

**Self-Regulatory Organizations;
Participants Trust Company; Notice of
Filing and Immediate Effectiveness of
Proposed Rule Changing Custodians
for the Safekeeping of Physical
Certificates on Deposit With the
Participants Trust Company**

May 22, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 1, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-95-04) as described in Items I, II, and III below, which Items have been prepared primarily by PTC. On May 9, 1995, PTC filed an amendment to the proposed rule change.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's
Statement of the Terms of Substance of
the Proposed Rule Change**

The proposed rule change concerns PTC's change in custodians for the safekeeping of physical certificates on deposit with PTC.

**II. Self-Regulatory Organization's
Statement of the Purpose of, and
Statutory Basis for, the Proposed Rule
Change**

In its filing with the Commission, PTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. PTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

**(A) Self-Regulatory Organization's
Statement of the Purpose of, and
Statutory Basis for, the Proposed Rule
Change**

On April 18, 1995, PTC entered into a custody agreement with The Depository Trust Company ("DTC")

¹ 15 U.S.C. 78s(b)(1) (1988).

² As originally filed, the proposal incorrectly stated that the effective date of the transfer of securities was to be completed on or about May 8, 1996. The amendment set forth the correct date as May 8, 1995. Letter from Leopold S. Rassnick, Senior Vice President, General Counsel, and Secretary, PTC, to Jonathan Katz, Secretary, Commission (May 9, 1995).

³ The Commission has modified the text of the summaries prepared by PTC.

providing for the safekeeping by DTC of physical certificates on deposit with PTC. On the same date, PTC amended its custody agreement with Chemical Bank providing for the termination of the current custody arrangements with Chemical Bank. DTC began providing custodial services upon the completion of the transfer of the physical certificates to DTC on May 8, 1995. The custodial services to be provided by DTC are substantially similar to the services previously provided by Chemical Bank at considerable savings to PTC and its participants. The change in custodians was authorized by PTC's Board of Directors after completion of a due diligence review of DTC's facilities and procedures. DTC currently has approximately \$8.3 trillion in securities under its custody and control in connection with the custodial services it offers to its own participants.

PTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁴ and the rules and regulations thereunder because it provides for the safeguarding of securities and funds in PTC's custody or control or for which PTC is responsible.

**(B) Self-Regulatory Organization's
Statements on Burden on Competition**

PTC does not believe that the proposed rule change imposes any burden on competition.

**(C) Self-Regulatory Organization's
Statement on Comments on the
Proposed Rule Change Received From
Members, Participants, or Others**

PTC has neither solicited nor received comments on this proposed rule change.

**III. Date of Effectiveness of the
Proposed Rule Change and Timing for
Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁵ and subparagraph (e)(3) of Rule 19b-4⁶ thereunder because the proposed rule change concerns the administration of PTC. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

⁴ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁵ 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

⁶ 17 U.S.C. 240.19b-4(e)(3) (1994).

⁹ See *supra* note 7.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of PTC. All submissions should refer to File No. SR-PTC-95-04 and should be submitted by June 20, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35739; File No. SR-PHILADEP-95-02]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of A Proposed Rule Change to Modify the Philadelphia Depository Trust Company's Interface With The Depository Trust Company's Institutional Delivery System

May 19, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on April 24, 1995, the Philadelphia Depository Trust Company ("PHILADEP") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PHILADEP-95-02) as described in Items I and II below, which Items have been prepared primarily by PHILADEP. The Commission is publishing this notice to solicit comments on the proposed rule

change from interested persons and to grant accelerated approval of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

PHILADEP proposes to modify its interface with The Depository Trust Company's ("DTC") Institutional Delivery ("ID") system to provide PHILADEP participants with the ability to send and receive trade confirmations and affirmations on an interactive basis and to provide participants greater control over certain risks resulting from incorrectly inputted trade data.² PHILADEP also proposes to modify the interface to facilitate the interactive transmission of certain trade reports between DTC and PHILADEP.

II. Self-Regulatory Organization's Statements of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, PHILADEP included statements concerning the purpose of and the basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. PHILADEP has prepared summaries, as set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.³

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

DTC's ID system allows the parties involved in an institutional trade (e.g., broker-dealer, institution, and custodian bank) to confirm, affirm, and settle the trade. The confirmation and affirmation process helps to reduce the circumstances where trades will not settle because a party "does not know" ("DKs") the trade. PHILADEP has been operating an interface with DTC for the settlement of institutional trades for several years, and its interface with DTC's ID system provides PHILADEP participants a single channel to electronically coordinate all post-trade activity among broker-dealers, institutions, and custodians from trade confirmation through final settlement. DTC recently implemented enhancements to its ID system to provide users with the capability of

accomplishing all ID system processing on an interactive basis throughout a business day while also providing participants with the option to continue transmissions in batch mode.⁴

The purpose of PHILADEP's proposed rule change is to modify its interface with DTC's ID system to provide PHILADEP participants with the ability to send and receive trade confirmations and affirmations on an interactive basis and to provide participants greater control over certain risks resulting from incorrectly inputted trade data. When entering trade data into the ID system, PHILADEP broker-dealer participants will have to assign and enter a unique broker-dealer confirm number corresponding to each ID trade that the broker-dealer submits. The ID system will not accept duplicate broker-dealer confirm numbers, and it will reject the trade if (i) the PHILADEP participant omits the confirmation number or (ii) the confirmation number matches an existing ID trade. ID system users that are participants of both DTC and PHILADEP will continue to have the ability to initially submit the trade details to PHILADEP and to affirm directly with DTC or with PHILADEP.

PHILADEP participants also will be required to comply with the modified procedures for cancelling a trade previously entered into the ID system. The ID system does not allow participants to "back-out" a trade; therefore, participants must cancel it by providing the confirmation number of the existing ID trade being cancelled and by entering the appropriate reason code for cancelling the trade. PHILADEP participants can no longer enter a numerical value of all nines in the "Other Charges" data field to signify a trade cancellation.

Finally, PHILADEP also proposes to modify the interface to facilitate the interactive transmission of certain trade reports between DTC and PHILADEP. PHILADEP will be able to receive reports of affirmed and unaffirmed trades as often as needed from DTC and will provide such reports to its participants.

PHILADEP believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because modifying PHILADEP's interface with DTC's ID system to allow for the interactive receipt and delivery of trade confirmations and affirmations and for

² Some participants may continue to transmit to PHILADEP in batch mode; however, PHILADEP will process interactively with DTC.

³ The Commission has modified the text of the summaries submitted by PHILADEP.

⁴ For a description of DTC's enhancements to its ID system to provide for interactive processing capabilities, refer to Securities Exchange Act Release No. 34199 (June 10, 1994), 59 FR 31660 [File No. SR-DTC-94-04] (granting accelerated approval of a proposed rule change).

⁷ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).